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Sugar Tariff Fails to Yield Sweet Results for Anyone

Michigan's Thumb-based sugar industry is being especially stubborn right now. The American consumer is the target, along with struggling farmers overseas.
A new free trade proposal is on the table in Washington. It's called CAFTA, for Central American Free Trade Agreement. The idea is to reduce tariff barriers between the United States and six small nations south of Mexico, which already has a trade pact with us.

The issue of our high tariff on sugar looms large in this round of talks because it is a major agricultural product in that region. Through the years, the amount of our sugar supply that is imported has shrunk from 45 percent to 12 percent because of the tariff.

With no levy, it is estimated that $1.5 billion worth of sugar would be imported, much of it from Central America. And shelf prices of sugar here probably would decline by about 20 percent.

Growers of sugar cane and sugar beets in Michigan are lobbying mightily to remove yet another provision from what supposedly is a free trade bill. It has been understood by economists since before this nation was formed that both buyer and seller win in unrestricted trade among nations.

Our now infamous and high across-the-board Smoot-Hawley Tariff is recognized as the main cause of the Depression of the 1930s. The stock market crash of 1929 was a result of the passage of the tariff and not itself the cause of the economic collapse.

The current sugar tariff isn't doing the United States or Michigan any good, either.

After generations there, the Lifesaver plant recently moved to Canada from the western Michigan city of Holland to escape the extra cost. Makers of sweets in general are leaving the country or shutting down.

And the beet fields on the fine, flat land of Michigan surely could be planted in something else. Through the years, the sugar beet industry has shrunk, without apparent great harm, from a major presence in central and southeastern Michigan to the confines of our famous Thumb area.

How has sugar escaped lowered tariffs despite years of new free trade pacts? The explanation is that members of Congress from major sugar-producing states, such as Florida, Louisiana and Michigan, simply have managed to hold enough other legislation hostage to extract continued protection of sugar producers' pocketbooks.

A decreased reliance on domestic sugar would cost jobs in sugar and corn-syrup sweetener industries. The total would be about 270,000 nationally, about 20,000 of them sugar-related. But that would be a blip in a work force of some 140 million. Then there are the jobs lost as candy companies leave the country.

We surely have learned from the auto industry that retaining basically unproductive jobs for the sake of keeping jobs is a step on the road to ruin.

Meanwhile, our tariffs keep the cost of sugar for U.S. consumers at about 2.5 times the world, free-market price, which transfers some $2.5 billion annually from consumers to sugar producers. And what national purpose involving security of economic growth does that serve?

The answer is no purpose at all.